GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

STARRED QUESTION NO:565
ANSWERED ON:26.04.2001
LEVY ON IMPORT OF SHIPS
MALYALA RAJAIAH

Will the Minister of SHIPPING be pleased to state:

(a) whether there is apprehension of reduction in the Indian Merchant fleet in view of the levy on import of ships;

(b) if so, the reaction of domestic shipping industry in this regard; and

(c) the action proposed to be taken to ensure growth of Indian fleet companies?

Answer

MINISTER OF LAW JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (c) OF LOK SABHA STARRED QUESTION No.565 FOR ANSWE 26.4.2001 ASKED BY SHRI RAJAIAH MALYALA, M.P. REGARDING LEVY ON IMPORT OF SHIPS.

(a) & (b) The Indian National Shipowners` Association (INSA) have represented to the Government stating that the levy of customs duty on import of ships will place Indian Shipping in a disadvantageous position in international as well as domestic trade and expressed apprehension about reduction in Indian fleet.

(c) The Government have taken various measures for the development of Indian Shipping and to augment the Indian Tonnage.These are:

(i) Most of the categories of ships viz.; crude tanker, Product Tanker, Bulk Carriers etc. have been brought under the Open General Licence (OGL), w.e.f. 1.4.1997 to facilitate acquisition at competitive price(As per the current EXIM Policy, import of all category of vessels can now be made without licence on the basis of guidelines issued by Ministry of Shipping)

(ii) Acquisition through Bare Boat Charter-cum-Demise method;

(iii) Shipping companies have been allowed to retain sale proceeds of their ships abroad and utilise them for fresh acquisition;

(iv) The Shipping companies are now permitted to get their ships repaired in any shipyard without seeking prior approval from the Government;

(v) Quarterly Block Allocation scheme for repair of ships has been dispensed with;

(vi) Reserve Bank of India releases foreign exchange for ship repair/dry docking and spares for imported capital goods, without any value limit;

(vii) Freedom to Time Charter out ships by Indian Shipping Companies;

(viii) No permission is required for raising foreign exchange loans from abroad by mortgaging the vessel with the lender;

(ix) Section 33 AC of Income Tax Act has been restored in its original form, thereby facilitating ploughing back of profits by Shipping Companies for new acquisition.

(x) The provision in EXIM policy for import of vessels has beenchanged from 1.4.2001 thereby enabling Shipping Companies to acquire more ships.

(xi) It has been proposed to enhance the depreciation on ships from 20% to 25% w.e.f. 1.4.2001.

(xii) Ministry of Finance has also been requested by Ministry of Shipping to withdraw the levy of 5% customs duty for import of vessels.

(xiii) 100% Foreign Direct Investment in Shipping Sector is permitted.